

ALUMINUM COMPANY OF AMERICA
ALCOA BUILDING
PITTSBURGH, PENNSYLVANIA 15219

LEGAL DEPARTMENT

Correspondence
SEMS-RM DOCID # 1177632



August 12, 1988

VIA FEDERAL EXPRESS

Lisa Haage, Esquire
U.S. Environmental Protection
Agency
215 Fremont Street, 5th Floor
San Francisco, CA 94105

Re: Operating Industries Superfund Site

Dear Ms. Haage:

The purpose of this letter is to respond to EPA's/DOJ's letter dated July 13, 1988. In that letter you present a proposed settlement regarding part of the remediation for the operating industries ("OII") site. The letter also proposes a schedule for completing negotiations and execution of a consent decree.

Under this proposal Alcoa is lumped with numerous other PRPs who are not members of the so-called Steering Committee. Under the proposal such entities would participate in this partial settlement by a payment of cash to the United States and California. This payment would reimburse those two entities for their past costs and anticipated future oversight on the partial remediation.

In response to EPA's February 18, 1988 letter notifying Alcoa of EPA's and California's past costs and future remedial action, Alcoa responded in writing that it was interested in a fair and equitable resolution of this matter. Unfortunately, your July 13, 1988 letter does not present sufficient information for Alcoa to adequately evaluate the fairness or equity of the proposed settlement.

The terms set forth are vague and the schedule proposed is unnecessarily restricted. I have had conversations with both other PRPs lumped in the same category as Alcoa and members of the so-called Steering Committee. It has become apparent to us that there is a discrepancy built into the proposed settlement in respect to the treatment of Steering Committee members and

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non-Steering Committee members. For example, I have been informed that despite the fact that the Steering Committee members would undertake performance of the work (valued at \$34 million), their obligation to perform such work is not unlimited. I have been informed that some cap on maximum financial obligation has been negotiated by the Steering Committee negotiating team on behalf of their members. I have also been informed that several PRPs, not members of the Steering Committee, have been involuntarily excluded from the negotiating sessions.

It appears from an analysis of the attachment to your July 13, 1988 letter that those PRPs lumped in the non-Steering Committee group are paying a premium in the range of 1.8 to 2.0 times their allocable volumetric share for remediation. Further, as a result of my discussions with other PRPs, it appears that the total sum sought by EPA from non-Steering Committee members amounts to approximately \$50 million. That compares to the total of slightly less than \$27 million covering the past and future costs of EPA and past costs of the State of California. Thus, it appears that more than two times the necessary amount to cover these costs is being solicited. Your July 13, 1988 proposal does not explain what would result should more than the full \$27 million be collected from non-Steering Committee PRPs.

It has also come to my attention that several PRPs, not members of the Steering Committee, have reached an agreement with EPA to contribute funds on the same cash-out basis as offered the other non-Steering Committee PRPs. That fact was not, but should have been, disclosed in the July 13, 1988 letter.

Obviously no rational PRP could commit to a proposal as set forth in the July 13, 1988 letter without seeing the precise terms and conditions of the settlement as would be embodied in a consent decree. Nor could any reasonable commercial entity reach decisions regarding such significant sums of money within the time frames set forth in or suggested by the July 13, 1988 proposal. Therefore, Alcoa strenuously objects to the proposal, both as explicitly set forth in the July 13 letter and as is implicit from what is unstated in the letter, and cannot at this time make any commitment to participate. However, as we earlier stated, we remain interested in a fair and equitable resolution. Should a draft consent decree be developed, I would appreciate your sending a copy directly to me at 1501 Alcoa Building, Pittsburgh, PA 15219.

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If you have any questions in regard to this letter, please feel free to contact me at (412) 553-4259.

Very truly yours,

Ralph W. Waechter/bwm

Ralph W. Waechter
Attorney

RWW/lcs

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